GOVERNMENT OF INDIA
EXTERNAL AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2626
ANSWERED ON:31.07.2002
AID TO SRI LANKA
AMBATI BRAHMANAIAH

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether India has extended a credit of US Dollars 51 million to Sri Lanka;

(b) if so, the details thereof; and

(c) the purpose thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH)

(a) Yes, Sir.

(b) & (c) Two agreements providing for credit of US$ 51 million were signed on July 3, 2002 between the Government of India and the Government of Sri Lanka in Colombo.

The first pertains to a credit of US$ 31 million for the purchase of wheat grain from India.This credit is being extended to the Government of Sri Lanka in response to a request made by the Sri Lankan Prime Minister during his visit to India in December, 2001. The proceeds of this credit will be utilised to import 300,000 MT of wheat grains over a period of 20 months at the rate of approximately 15,000 MT per month. The concessionary credit will cover 100% of the FOB value of wheat grains imported from India. The credit is extended at a concessionary interest rate and has a repayment period spread over 15 years with a grace period of 5 years.

The second agreement is to provide credit of US$ 20 million to support the economic stabilization programme negotiated by the Government of Sri Lanka with the International Monetary Fund under a Standby Arrangement in April, 2001.The proceeds of this credit will support the Sri Lankan Government`s balance of payment requirements. This credit is also provided at a concessionary rate of interest with a repayment period of 9 years commencing from 2005.